

# **Item #2**

## **EPA's**

# **Greenhouse Gas Tailoring Rule**

May 20, 2010

Climate Change Committee

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# Purpose of the Tailoring Rule

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To integrate Greenhouse Gases into Title V and PSD Programs in an administratively feasible manner



# Background

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Title V = operating permit for major sources including all applicable requirements

PSD = “prevention of significant deterioration”

BACT for all attainment pollutants

Both = extensive procedural requirements



# Problem

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- Title V and PSD apply to sources with PTE 100/250 tpy of pollutants “subject to regulation”
- GHGs become “subject to regulation” January 2, 2011 due to motor vehicle rule
- Nationwide = 6 million new Title V permits



# Solution: 4-step process

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Step 1 – January 2, 2011

“anyway” sources subject to PSD  
and Title V for GHGs

Step 2 – July 1, 2011: thresholds 100,000  
tpy or more CO<sub>2</sub>e  
75,000 tpy triggers PSD  
modification



## Solution (cont'd)

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Step 3: EPA rulemaking July 1, 2012 to set new threshold for July 1, 2013

Step 4: Study completed by 2015 for rule effective 5/1/2016

Commitment: No PSD or Title V for sources < 50,000 tpy CO<sub>2</sub>e before 5/1/2016



# SAVINGS

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Title V - Savings to Permitting Agencies  
\$21 billion annually + 220,000 FTES  
(1 billion + 10,000 FTEs for SCAQMD)

Title V - Savings to Sources  
\$49 billion annually



## SAVINGS (cont'd)

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PSD Savings to Permitting Authorities

\$1.5 billion annually

PSD Savings to Sources

\$5.5 billion annually

(not counting cost of BACT)





# Remaining Impact – Nationwide

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Step 1: “anyway” sources = 240 PSD  
Permits + 448 PSD Modifications  
annually trigger GHG BACT

Step 2: 550 new “major” sources  
needing Title V permits  
≈ 900 new PSD modifications  
annually for GHGs alone



AQMD

## Remaining Impact – Nationwide Increased costs-permitting agencies

Title V: additional \$4 million/yr

PSD: additional \$24 million/yr

Coverage = 67% of stationary source GHGs  
(Steps 1 & 2)



# Remaining Impact – Sources (nationwide)

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Title V: \$46,350 per permit

550 new permits

≈ \$25.5 million (over 3 years)

PSD: \$84,500 per permit

900 annually PSD modifications

≈ \$76 million annually



# Rule Amendments Needed

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Title V – to bring GHGs into  
program

PSD – to require BACT for GHGS



# Staff Contacts

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